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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.		
10/666,866	09/19/2003	James R.W. Phillips	XTEN-1-1015	8477		
25315	7590	02/18/2009	EXAMINER			
BLACK LOWE & GRAHAM, PLLC 701 FIFTH AVENUE SUITE 4800 SEATTLE, WA 98104				POUNCIL, DARNELL A		
ART UNIT		PAPER NUMBER				
3688						
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No.	Applicant(s)	
	10/666,866	PHILLIPS ET AL.	
	Examiner	Art Unit	
	DARNELL POUNCIL	3688	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 24 July 2008.
 2a) This action is FINAL. 2b) This action is non-final.
 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1-24 is/are pending in the application.
 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
 5) Claim(s) _____ is/are allowed.
 6) Claim(s) 1-24 is/are rejected.
 7) Claim(s) _____ is/are objected to.
 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
 Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
 Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
 a) All b) Some * c) None of:
 1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ . |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____. | 6) <input type="checkbox"/> Other: _____ . |

DETAILED ACTION

Response to Amendment

1. This Office Action is in response to the amendment filed on July 24, 2008.

The amendment did not add nor delete any claims, but did amend Claims 1, 6, 7, 9, 14 - 24.

Thus, Claims 1- 24 remain currently pending and have been considered below.

Claim Rejections - 35 USC § 101

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

3. Claims 1-24 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Based on Supreme Court precedent, to be patent eligible under 35 U.S.C. 101 a method/process claim must (1) be tied to a particular machine or apparatus or (2) transform a particular article into a different state or thing (see at least *Gottschalk v. Benson*, 409 U.S. 70 (1972); *Diamond v. Diehr*, 450 U.S. 192 (1981); *Parker v. Flook*, 437 U.S. 589 n.9 (1978); and *Cochrane v. Deener*, 94 U.S. 780, 788 (1876)). Furthermore, the Supreme Court held that the use of a specific machine or transformation of an article must impose meaningful limits on the claim's scope to impart patentability (*Benson*, 409 U.S. 71-72). The involvement of the machine or transformation must not merely be insignificant extra-solution activity (*Flook*, 437 U.S. 590). Also see *In re Bilski*, No. 2007-1130, F.3d, 2008 WL4757.

The instant claims fail to meet this test. The claims fail to transform a particular article into a different state or thing. The claims are not tied to a machine or apparatus. In order for a process claim to be considered statutory subject matter under 35 USC 101, the process must be tied to a machine *within the body* of the claim, and the machine must be performing *an essential function* within the claim.

Claim Rejections - 35 USC § 103

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

5. Claims 1- 24 rejected under 35 U.S.C. 103(a) as being unpatentable over Walker et al (6,119,099) in view of Swartz et al (6, 837, 436) and further in view of Hull et al (7,228,285).

Claims 1 & 9: Walker discloses a system of method, comprising:

- a. receiving a request to purchase a first item from a customer (Col. 2, Lines 19 - 44 and Col. 6, Lines 5 - 13);
- b. offering a discount for the purchase of a second item based on the previously received indication to purchase the first item(Col 2, lines 19-44 and Col. 6, Lines 30 - 54).

Walker discloses a merchant offering one or more items for sale to the customer, but does not explicitly disclose offering the items via an Internet server. However, Swartz discloses a similar system and method for offering a discount for a second item via an Internet server (column 10, lines 23-49; column 12, line 32 - column 13, line 34; and column 33, lines 56-59). Walker also does not disclose a discount that is only applied with an indication to purchase both the first and second items. However Hull discloses that the discount is only applied when there is an indication that both items are to be purchased. (Col. 3, Lines 13 - 20). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made for Walker to include "virtual" merchants (i.e. merchants on the

Internet) as the selling entities and to also include only applying the discount when purchasing both items. One would have been motivated to present the items and to complete the transaction over the Internet in order to expand the realm of potential customers, and also it allows the customers to be made aware of the discount being applied. In view of Walker's disclosure that the point-of-sale terminal may be "many types of POS terminals, besides those requiring cashiers" (column 13, lines 65-67).

Claims 2 and 10: Walker, Swartz and Hull disclose a system and method as in Claims 1 and 9 above, and Walker further discloses calculating a discount for the second item based on the first item (column 2, line 19-44 and column 6, lines 30-54).

Claims 3 and 11: Walker, Swartz, and Hull discloses a system and method as in Claims 1 and 9 above, and Walker further discloses receiving a selection of the second item (i.e. acceptance of the offer by the customer) and supplying the second item price (column 2, lines 19-44 and column 6, lines 30-54).

Claims 4 and 12: Walker, Swartz, and Hull disclose a system and method as in Claims 3 and 11 above, and Walker further discloses calculating a discount for the second item based on the price of the second item (column 2, lines 19-44 and column 6, lines 30-54).

Claims 5 and 13: Walker, Swartz, and Hull disclose a system and method as in Claims 3 and 11 above, and Walker further discloses receiving a request to purchase the second item (i.e. acceptance of the offer by the customer) and compiling the purchase order for the first and second items(column 2, lines 19-44 and column 6, lines 30-54).

Claims 6 and 14: Walker, Swartz, and Hull disclose a system and method as in Claims 5 and 13 above, and Walker further discloses applying the discount to the order (column 2, lines 19-44 and column 6, lines 30-54) but does not explicitly disclose applying the discounts to the order comprising both the first and second items. However Hull discloses applying the discounts to the order comprising both the first and second items. (Col. 3, Lines 13 - 20). Therefore it would have been obvious to one having ordinary skill in the art at the time of the invention was made for Walker to include applying the discount to an order that contains multiple items. One would have been motivated to require that the first and second items be present in order to give a customer an incentive to purchase more than one of said items to receive said discount.

Claims 7 and 15: Walker, Swartz, and Hull disclose a system and method as in Claims 6 and 14 above, and Walker further discloses presenting the compiled order to the customer and receiving confirmation from the customer (column 2, lines 19-44 and column 6, lines 30-54).

Claims 8 and 16: Walker, Swartz, and Hull disclose a system and method as in Claims 5 and 14 above, and Walker further discloses submitting the order for fulfillment to complete the purchase (column 2, lines 19-44 and column 6, lines 30-54).

6. Claims 17-24 are rejected under 35 U.S.C. 103(a) as being unpatentable over Walker et al (6,119,099) in view of Swartz et al (6,837,436).

Claim 17: Walker discloses a computer readable medium containing computer instructions for performing steps, comprising:

- a. receiving a request to purchase a first item from a customer (column 2, lines 19-44 and column 6, lines 5-13);
- b. calculating a discount on a second item after the request to purchase the first item has been received (column 2, lines 19-44 and column 6, lines 30-54);
- c. receiving a request and confirmation to purchase the second item (i.e. acceptance of the offer by the customer)(column 2, lines 19-44 and column 6, lines 30-54); and
- d. fulfilling the order to complete the purchase of the first and second items in accordance with the order (column 2, lines 19-44 and column 6, lines 30-54).

Walker discloses a computer system of a customer that applies a discount to the price for a purchase or a second item being offered for sale, but does not explicitly disclose that the calculated discount is only applied after receiving the order confirmation. However Swartz discloses a similar system and method wherein the calculated discount is only applied after

receiving the order confirmation.(column 7, 30 - 46) Therefore it would have been obvious to one of ordinary skill in the art at the time the invention was made for Walker to include only calculating the discount only after receiving an order confirmation. One would have been motivated to only calculate the discount after the order confirmation in order to inform the customer of exact amount of the discount and then complete the transaction.

Claim 18: Walker and Swartz discloses a computer readable medium as in Claim 17 above, and Walker further discloses displaying information relating to the first item to the customer (column 2, lines 19-44 and column 6, lines 30-54).

Claim 19: Walker and Swartz discloses a computer readable medium as in Claim 17 above, and Walker further discloses calculating a discount for the second item based on the first item (column 2, line 19-44 and column 6, lines 30-54).

Claim 20: Walker and Swartz discloses a computer readable medium as in Claim 19 above, and Walker further discloses calculating a discount for the second item based on the price of the first item (column 2, lines 19-44 and column 6, lines 30-54).

Claim 21: Walker and Swartz discloses a computer readable medium as in Claim 17 above, and Walker further discloses calculating a discount for the second item based on the identity of the second item (column 2, lines 19-44 and column 6, lines 30-54).

Claim 22: Walker and Swartz discloses a computer readable medium as in Claim 21 above, and Walker further discloses calculating a discount for the second item based on the price of the second item (column 2, lines 19-44 and column 6, lines 30-54).

Claim 23: Walker and Swartz discloses a computer readable medium as in Claim 17 above, and Walker further discloses displaying information relating to the second item to the customer (column 2, line 19-44 and column 6, lines 30-54).

Claim 24: Walker and Swartz discloses a computer readable medium as in Claim 17 above, and Walker further discloses displaying information including the price of the first and second items and the discount to the customer (column 2, lines 19-44 and column 6, lines 30-54).

Response to Arguments

Applicant's arguments filed July 24, 2008, have been fully considered and in view of the new rejections above, are moot.

Conclusion

7. Any inquiry concerning this communication or earlier communications from the examiner should be directed to DARNELL POUNCIL whose telephone number is (571)270-3509. The examiner can normally be reached on Monday to Thursday 8 to 5 EST.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Myhre can be reached on (571)272-6722. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/D. P./
Examiner, Art Unit 3688

/James W Myhre/
Supervisory Patent Examiner
Art Unit 3688